

TO: Secretary Paige  
FROM: Acting COO Candy Kane  
RE: FSA Weekly Report  
DATE: July 1, 2002

### **THE WEEK AHEAD**

**New Financial Partners General Manager Arrives:** Kristie Hansen, the new General Manager of our Financial Partners channel, assumes her post on July 1. Hansen formerly was a Sr. V.P. with NCHELP (National Council of Higher Education Loan Programs) and the council's liaison to ED.

**GAO Audit of Student Aid at Foreign Schools:** An entrance conference is scheduled for July 1 for this GAO review of financial aid for American students attending foreign schools. GAO's objectives are to examine and report on (1) the extent of fraud, waste, and abuse related to loans for American students attending foreign schools, (2) steps taken by ED to curb such abuses, and (3) possible additional steps, such as tighter disbursement controls, that may be needed.

**GAO Audit of Student Loan Consolidation Issues:** An entrance conference is scheduled for July 1 for a GAO review of the student loan consolidation program. GAO's objectives are to determine (1) the characteristics of consolidation loan borrowers, including level of indebtedness, repayment status at time of consolidation, number of previous loans and loan holders, and average payoff timeframes, (2) how many borrowers are in default prior to, at the time of, or after loan consolidation, and (3) the federal costs associated with the consolidation program.

### **KEY NEWS**

**Strategic Plan Briefings:** On June 28, FSA conducted its final session of ED Strategic Plan briefings for the 1,200+ staff members in Washington and the 10 regional offices.

**e-Servicing Update:** Since e-Servicing for Direct Loans went online in March, we have received almost 31,000 electronic payments totaling more than \$18.3 million. Almost 6,700 borrowers have signed up to get their correspondence from us online, and more than 4,400 have asked to routinely get and automatically pay their bills online.

**Electronic Bill Payment Through 3<sup>rd</sup> Party:** Direct Loans/Repayment has been working with OGC, Treasury, and Bank of America on a contract for electronic bill payment through the "aggregator model" (e.g., when a borrower chooses to use a 3<sup>rd</sup> party company to receive, aggregate, and pay all of their bills). Many revisions were required to complete the contract. Treasury and Bank of America are signing the contract, which will then be delivered to FSA.

**e-Sign Update:** Since the electronic signature option for the Master Promissory Note went live last July, the Student Authentication Network (STAN) has been used to

authenticate the identities of 400,000 borrowers in the Direct Loan program and 35,000 in the FFEL program.

**Privacy Act System of Records Survey:** On June 27, FSA completed and forwarded to OS and ED CIO two GAO surveys related to how agencies have implemented the Privacy Act of 1974. The surveys included 18-11-01 (Federal Student Aid Application File) and 18-11-08 (Student Account Manager System).

**Web Content Review Process:** FSA met the June 28 deadline set by OUS IT Director John Bailey for updating, justifying, or deleting Web pages dated before February 2001.

**Lender Redesign Project Moves Forward:** Our Lender Application Process functionality was successfully implemented on June 3. As of June 15, about 170 applications were completed and submitted by our financial partners using the new system. The completion of that phase of the Lender Redesign Project paved the way for the next testing phase to begin. The project is on schedule to be fully implemented as of October 1.

**Debt Recoveries:** Total recoveries have surpassed \$1 billion-they stand at about \$1,020,196,433.

**Private Collection Agency Partner Meeting:** On June 28, we met with our Private Collection Agency partners to discuss the treatment of accounts previously held by Sallie Mae but reassigned to Pioneer Collections when Sallie Mae acquired Pioneer in January. Our contract terms allow only one contract per ownership group, so the Sallie Mae contract was terminated.

**LeMoyne-Owen College Alleged Criminal Activity:** On June 26, OIG based in Atlanta notified FSA Case Management & Oversight that the CFO and V.P. for Business & Finance at LeMoyne-Owen College of Memphis, Tennessee, along with other school staff, had been arrested for embezzlement.

#### **RESOLUTION OF KEY ISSUES**

Nothing to report.

#### **PUBLIC AFFAIRS ACTIVITIES**

Nothing to report.

#### **REGULATORY ACTIVITIES**

Nothing to report.

#### **POLICY DOCUMENTS**

Nothing to report.

#### **GRANT ACTIVITIES**

Nothing to report.

#### **ON THE HORIZON**

**Expanding e-Servicing:** Beginning in July, Direct Loan borrowers will be able to view and pay their bills over major Internet billing service providers, such as “Yahoo Billpay.”

**NDPD Registration Tops 1,300:** FSA's 2<sup>nd</sup> annual National Default Prevention Day is set for August 1, and registration for the default prevention and aversion workshops has hit 1,330. Each of the 12 locations across the country has registered at least 50 participants, and seven of the 12 have registered more than 100. Participants will come from schools, lenders, guaranty agencies, and other groups involved in student aid.

## **CONTACT INFORMATION**

Please contact Lisa Cain at 377-4003 with any questions.

Karen Santos Freeman  
Communications Director  
Federal Student Aid (FSA)  
U.S. Department of Education  
(202) 377-4001  
(202) 275-0916 Fax  
*We Help Put America Through School*